

"The tenancy contract in Taiwan, as it was a few years ago, had the following features:
(1) (1) It was a short-term contract—for the most part for one year only and cases were

1. For a more detailed description see K. Takahashi Gendai Taiwan Keizairon,
pp. 293-303.

frequent where the landlords broke the contract before its expiry. It is possible for them to do this because the tenants are more numerous, there is stiff competition among them, and they cling to the plots which they are able to secure. There have [81] been cases when the term was six years and even ten years (opening of new land or reclaimed land), but these were exceptional. (2) It was almost exclusively an oral contract and in case of conflict the landlords were more successful than the tenants in securing their own interpretation of it. (3) The landlord usually received security from the tenant in money or in kind, amounting to from forty to sixty per cent of the rent, deposited with the owner at the time the contract is made. No interest is paid on this amount. This deposit represents a heavy additional burden on the tenants, who, as a rule, have no cash and are compelled to borrow the money at high interest rates while they themselves do not receive any interest on it. In many cases this results in sub-tenancy—a rich farmer renting land and sub-letting it to poor tenants.

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Through the efforts of the government these general features were somewhat changed. The government policy was as follows: (1) the term of tenancy should be five to six years or more; (2) if, after the expiry of the contract, the contracting parties do not denounce the contract within six months, it must be regarded as automatically renewed; (3) in time of crop failure the rent is to be reduced by mutual agreement; (4) in case of arrears (without a justifiable reason) or misuse of soil, the contract may be voided by the landowner; (5) no transfer of land by the tenant can be made without agreement and approval by the landowner; (6) changes in the form of the plot and other changes influencing the productive capacity of the land must be approved by the landowner; (7) if improvements are approved by the landowner, he must bear the expenses of the improvements fully or in part; (8) no contract may be declared void before expiry without sufficient reasons; otherwise compensation must be paid; (9) disputes are to be settled by special arbitration committees.

It is unwise to attach too much importance to these government efforts, however good their purpose may be. True, in 1935 sixty-eight per cent of all area leased was leased under written contracts, while in 1938-39 the percentage had risen to 76.6 per cent. Arbitration committees are established, as well [82] as societies of landowners and tenants, the purpose of which is to bring social peace to the relations between the landowners and tenants as well as to effect a change in the ideology of the farmers. Money

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grants from the government-general are made to aid these societies and officials appointed to direct them. But all this does not touch the core of the problem. The problem of tenancy is not to secure the tenant in his lease for one year, or how to distribute the costs of improvements, as this touches chiefly the misuse of power by the landlord. With a secure contract for three or five years, the tenant must still pay the rent, and he has no assurance that the lease will be extended after expiry of the contract. The policy states that in case of crop failure the rent should be reduced by mutual agreement, but in Taiwan it used to be customary for the farmer to pay the rent whether the crop failed or not, and there is no guarantee that this custom will not form the basis of the 'mutual agreement'. In this agreement there is no equality between the opposing parties. The same should be said about the arbitration committees--everything depends upon the degree of influence of the landowners in these committees."